# BUSINESS PLAN 2016–19
# Agriculture and Forestry

## ACCOUNTABILITY STATEMENT

This business plan was prepared under my direction, taking into consideration the government's policy decisions as of March 17, 2016.

*original signed by*

Oneil Carlier, Minister

## MINISTRY OVERVIEW

The ministry consists of the Department of Agriculture and Forestry, Agriculture Financial Services Corporation (AFSC), the Environmental Protection and Enhancement Fund and the Alberta Livestock and Meat Agency Ltd. (ALMA). The ministry is also responsible for the Office of the Farmers' Advocate, Irrigation Council, Alberta Agricultural Products Marketing Council and the Alberta Grains Council for which funding is included in the department's budget. The Forest Resource Improvement Association of Alberta and Livestock Identification Services Ltd. are delegated administrative organizations operating outside of government and are accountable to the minister.

The ministry is responsible for the policies, legislation, regulations and services necessary for Alberta's agriculture, food and forest sectors to grow, prosper and diversify; inspires public confidence in wildfire and forest management and the quality and safety of food; supports environmentally sustainable resource management practices; and leads collaboration that enables safe and resilient rural communities.

A detailed description of Agriculture and Forestry and its programs and initiatives can be found at www.agriculture.alberta.ca.

## STRATEGIC CONTEXT

The outcomes and key strategies identified in this business plan are aligned with the strategic direction of the Government of Alberta.

Alberta operates in an increasingly complex and competitive global marketplace. With global population expected to reach nine billion by 2050 and shifting demographics at home and abroad, the agriculture and forest sectors face an interconnected landscape of economic, environmental and social pressures creating challenges and opportunities.

Opening new markets through trade agreements, expanding market access in the midst of intense global competition, high production costs and supply chain logistics are some of the key issues impacting the sectors. Capitalizing on opportunities and overcoming challenges requires enabling policy, an efficient transportation network, and consumer-targeted research and development. Investing in innovation, value-added agriculture, food and forest products expands revenues and makes a valuable contribution to Alberta's Economic Growth and Diversification Strategy.

As the demand for agriculture and forest products grows, social pressure for open, transparent management and mitigation of environmental effects from resource use and extraction increases. The public expects robust sustainable and environmental practices. Industry is challenged to address societal expectations while remaining competitive, and government must balance economic, social and environmental outcomes.

The emerging low-emission economy is creating new challenges and opportunities. As a significant supplier of bio-based products, the agriculture and forest sectors are positioned to capitalize on a competitive advantage, supported by Alberta's unique scientific and research capabilities and biomass availability.

Key external strategic risks facing the industry include: market access, disease outbreaks, climate change, public confidence and maintaining competitiveness at home and in international markets. Managing these risks requires collaboration with industry, stakeholders and Indigenous peoples to enhance policies that encourage sustainable economic and resource development.

## OUTCOMES, KEY STRATEGIES AND PERFORMANCE MEASURES

### Outcome One: Alberta's agriculture and forest industries are positioned for increased growth

Alberta's agriculture and forest industries are important contributors to furthering the province's economic development. By leveraging research and innovation, pursuing market access and developing new value-added products and effective policies, opportunities in key markets can be realized.

Effective education and information services enhance businesses' ability to meet consumer needs and inform market development. Building relationships and advocating for increased domestic and international market access are determinants of future growth and success of Alberta's agriculture and forest sectors. Value-adding drives productivity growth and economic diversification. Actively promoting Alberta as an attractive option for investment and supporting access to capital contributes to a robust business environment and future growth.

**Key Strategies:**

1.1 Provide focused trade development services for Alberta's agri-food and forest product companies to increase exports and enter new markets.

1.2 Assist companies to develop new value-added products and scale-up in key growth commodity areas for target market segments.

1.3 Collaborate with industry and post-secondary institutions on targeted research projects that enhance growth and environmental stewardship and promote innovation in the agriculture and forest sectors.

1.4 Advocate for a favourable Canada-U.S. Softwood Lumber Agreement.

1.5 Partner with federal, provincial and territorial governments to develop a Multilateral Policy Framework Agreement that supports growth in Canada's agriculture and food sector.

| Performance Measures | Last Actual (Year) | Target 2016-17 | Target 2017-18 | Target 2018-19 |
|---|---|---|---|---|
| 1.a Alberta's agri-food exports by market ($ millions): | | | | |
| • United States | 3,931 | 3,990 | 4,110 | 4,234 |
| • China | 1,324 | 1,400 | 1,442 | 1,485 |
| • India | 18 | 25 | 26 | 27 |
| • European Union Member countries | 307 | 320 | 330 | 340 |
| • Japan | 1,186 | 1,230 | 1,267 | 1,305 |
| • Mexico | 537 | 550 | 567 | 583 |
| • Rest of the World | 2,410 (2014) | 2,490 | 2,565 | 2,642 |

| Performance Measures | Last Actual (Year) | Target 2016-17 | Target 2017-18 | Target 2018-19 |
|---|---|---|---|---|
| 1.b Alberta's agri-food exports by sector ($ millions): | | | | |
| • Primary commodities | 5,475 | 5,553 | 5,607 | 5,722 |
| • Processed / manufactured products | 4,238 (2014) | 4,452 | 4,700 | 4,894 |
| 1.c Number of value-added agriculture products developed and successfully introduced into the market with assistance from Agriculture and Forestry | 220 (2014-15) | 222 | 226 | 228 |
| 1.d Research and development investment by collaborators leveraged through ministry resources ($ millions) | 5.2 (2014-15) | 5.4 | 5.7 | 6.3 |

**Linking Performance Measures to Outcomes:**

1.a and 1.b Track diversification of export markets and products that drive industry growth and contribute to the provincial economy. Securing current markets and accessing new export markets is vital to the sector's on-going performance. Increasing the export share of processed products relative to primary commodities allows the industry to generate and retain a larger portion of revenues and economic benefits from global agri-food trade.

1.c Tracks progress of product development and commercialization activities of companies that are adding value to agricultural products, servicing niche markets and advancing economic diversification.

1.d Tracks funds leveraged to develop technologies and knowledge applied to agricultural problems and opportunities. Collaboration with industry is important for targeting investment efficiently and effectively.

## Outcome Two: Alberta has effective assurance systems that inspire confidence

Albertans want safe food and ethically-produced agriculture and forest products. They also want assurance that their forest ecosystems, communities and infrastructure are protected from the negative impacts of wildfires. Science-based policies, education, compliance activities and enforcement build trust and create reliable, cost-effective assurance systems (social license). These systems protect human health, animal health and welfare, and Alberta's forests.

Wildfire, pest and disease outbreak risks are effectively addressed through prevention, suppression and mitigation, and response and recovery measures. A robust food safety system founded on traceability, surveillance and inspection inspires confidence and enhances Alberta's reputation as a supplier of high-quality, safe food products.

**Key Strategies:**

2.1 Implement recommendations from the Flat Top Complex Wildfire Review Committee.

2.2 Develop and implement risk and science-based inspection and surveillance systems and policies in response to existing and emerging food safety and animal health risks.

2.3 Enhance provincial plant health pest surveillance to improve early identification and pest detection capabilities and better manage pest and disease threats.

2.4 Develop a strategy to enhance Alberta's animal welfare system, safeguarding the basic needs and protection of all animals, and enabling continuous improvement of farmed animal welfare.

2.5 Collaborate with Health, Alberta Health Services and stakeholders to develop and implement a strategy to address antimicrobial resistance through stewardship, surveillance, research, innovation, and infection prevention and control.

| Performance Measures | | Last Actual 2014 | Target 2016-17 | Target 2017-18 | Target 2018-19 |
|---|---|---|---|---|---|
| 2.a | Percentage of wildfires contained before 10 a.m. the day following assessment | 99.2% | >Rolling average of last five years' results | | |
| 2.b | Percentage of active provincial licensed abattoirs that meet provincial food safety slaughter requirements | 93% | 100% | 100% | 100% |

**Linking Performance Measures to Outcomes:**

2.a Tracks wildfire containment time. Prompt containment reduces rapid spread, size and intensity of wildfire and impacts. It helps protect Albertans from the risk of wildfire and minimizes losses and costs.

2.b Linked to advancement of food safety culture through educational and regulatory activities under the *Meat Inspection Act* and Meat Inspection Regulation.

## Outcome Three: Alberta's agriculture and forest industries are environmentally responsible and sustainable

Alberta is blessed with abundant natural resources, including productive soils, clean water and expansive forests. Utilizing these resources in an environmentally responsible and sustainable way enhances land stewardship for the benefit of all Albertans, including Indigenous peoples, and is important for the province's current and future economic development.

Science and evidence-based decision-making, in addition to traditional ecological knowledge, drives sustainable resource management. Integrated environmental policy encourages the adoption of beneficial management practices for sustainable resource development and enhances stewardship of traditional lands. Research and knowledge transfer targets the development of mitigation and adaptation strategies to effectively respond to climate change effects.

**Key Strategies:**

3.1 Facilitate environmentally responsible forest management and on-farm production practices to improve stewardship and reduce the impact of climate change as part of the implementation of Alberta's Climate Leadership Plan.

3.2 Expand the network of monitoring sites to assess climate change effects on the health of Alberta's public forests.

3.3 Support the development of innovative processes and technology applications to transform agriculture and forest biomass and waste streams into renewable energy and value-added products.

3.4 Support irrigated agriculture to increase water-use efficiency through improved water application technology, conveyance infrastructure and management techniques.

| Performance Measures | | Last Actual 2013-14 | Target 2016-17 | Target 2017-18 | Target 2018-19 |
|---|---|---|---|---|---|
| 3.a | Average percentage of improved environmentally sustainable agriculture practices adopted by producers (biennial survey) | 56% | n/a | 60% | n/a |
| 3.b | Sustainable timber harvest by:<br>• Annual allowable cut (million cubic metres)<br>• Harvest (million cubic metres) | <br>31<br>21 | <br>Harvest does not exceed annual allowable cut | | |
| 3.c | Percentage of forest regrowth as a result of reforestation | 97.9% | 97.6% | 97.6% | 97.6% |

**Linking Performance Measures to Outcomes:**

3.a Tracks producers' progress in mitigating farm-level agri-environmental risks in a responsible and sustainable manner. Long-term agricultural productivity is dependent on appropriate conservation, stewardship of agricultural lands and the environment.

3.b Reflects a timber harvest level that ensures timber resources meet current environmental and economic needs for present and future generations. The volume of timber harvested must be less than the approved harvest level in order to achieve sustainable forest management goals.

3.c Reforestation is a critical component of forest sustainability following industrial harvesting. Attainment of predicted forest regrowth rates resulting from Alberta's forest regeneration standards ensures sustainability of timber resources to meet current and future economic needs.

## Outcome Four: Alberta has thriving rural communities

Vibrant and safe rural communities are an integral part of the economic and social foundation of Alberta. The agriculture and forest sectors drive job creation and business growth in rural and Indigenous communities. The ministry's investment in people, business, communities and infrastructure enhances quality of life for rural Albertans.

Collaboration with rural stakeholders, educational institutions and other ministries is fundamental to delivering new learning and skill development opportunities and enhancing farm and community safety. Effective policy provides clarity, coordination and integration of service delivery. Improved market-based insurance products, lending services and disaster recovery options help provide a stable platform from which businesses can achieve their full economic and growth potential. In support of the principles of the United Nations Declaration on the Rights of Indigenous Peoples, Indigenous peoples are engaged in traditional land stewardship and building self-reliant, culturally strong communities.

**Key Strategies:**

4.1 Enhance lending to facilitate the success of agricultural new entrants and intergenerational transfers.

4.2 Develop and implement new and enhanced agriculture production insurance products that meet industry needs and encourage an innovative and diversified agri-food sector.

4.3 Implement farm safety education and training projects to assist farmers and ranchers in obtaining individual farm safety certification.

4.4 Enhance local food production and market channels through knowledge transfer, tools and resources to meet consumer demand for locally grown food.

4.5 Implement an enhanced FireSmart program through wildfire prevention, mitigation, preparedness planning, education, outreach and municipal engagement.

4.6 Provide training and tools to improve governance effectiveness of agriculturally-focused organizations.

| Performance Measures | Last Actual (Year) | Target 2016-17 | Target 2017-18 | Target 2018-19 |
|---|---|---|---|---|
| 4.a Total investment leveraged in rural businesses facilitated through Agriculture Financial Services Corporation (AFSC) lending services ($ million) | 716 (2014-15) | 773 | 835 | 902 |
| 4.b Percentage of eligible seeded acres for major crop categories insured under Production Insurance: | | | | |
| • Annual Crops | 76% | 78% | 78% | 79% |
| • Perennial Crops | 25% (2014) | 26% | 26% | 26% |

**Linking Performance Measures to Outcomes:**

4.a Gauges success of AFSC in ensuring farm and rural businesses can access capital to foster development and growth.

4.b Indicates success of AFSC in providing insurance options to offset the risks of agriculture production.

STATEMENT OF OPERATIONS

| (thousands of dollars) | Comparable | | | | | |
|---|---|---|---|---|---|---|
| | 2014-15 Actual | 2015-16 Budget | 2015-16 Forecast | **2016-17 Estimate** | 2017-18 Target | 2018-19 Target |
| REVENUE | | | | | | |
| Transfers from Government of Canada | 294,045 | 337,982 | 307,034 | **304,215** | 283,693 | 293,521 |
| Investment Income | 132,967 | 134,157 | 132,346 | **138,053** | 153,590 | 173,817 |
| Premiums, Fees and Licences | 382,531 | 446,182 | 410,237 | **411,507** | 436,818 | 450,648 |
| Other Revenue | 13,875 | 10,661 | 11,911 | **12,791** | 7,971 | 7,107 |
| Transfers from Alberta Heritage Savings Trust Fund | 3,050 | - | - | **-** | - | - |
| Ministry Total | 826,468 | 928,982 | 861,528 | **866,566** | 882,072 | 925,093 |
| Inter-Ministry Consolidations | (4,553) | - | - | **-** | - | - |
| Consolidated Total | 821,915 | 928,982 | 861,528 | **866,566** | 882,072 | 925,093 |
| EXPENSE | | | | | | |
| Ministry Support Services | 19,385 | 21,156 | 21,156 | **21,346** | 22,463 | 22,987 |
| Agriculture Policy and Economics | 15,783 | 16,718 | 16,718 | **16,708** | 16,610 | 16,326 |
| Agriculture Environment and Water | 54,208 | 54,905 | 54,905 | **53,782** | 48,641 | 52,104 |
| Food Safety and Animal Health | 45,566 | 47,811 | 47,811 | **47,989** | 42,248 | 45,826 |
| Industry Development | 94,770 | 102,826 | 102,826 | **102,690** | 113,560 | 120,568 |
| Forests | 347,361 | 589,355 | 610,605 | **195,950** | 191,752 | 195,898 |
| Lending | 34,301 | 36,518 | 37,402 | **37,747** | 38,435 | 39,841 |
| Insurance | 506,619 | 814,322 | 651,955 | **471,864** | 468,886 | 482,978 |
| Agriculture Income Support | 134,639 | 147,720 | 84,293 | **128,618** | 129,885 | 127,658 |
| Livestock and Meat Strategy | 33,547 | 32,290 | 32,290 | **24,736** | - | - |
| Agriculture and Food Innovation Endowment Account | 3,058 | - | - | **-** | - | - |
| 2013 Alberta Flooding | 630 | - | - | **-** | - | - |
| Debt Servicing Costs | 69,892 | 74,845 | 69,815 | **71,829** | 77,895 | 86,888 |
| Ministry Total | 1,359,759 | 1,938,466 | 1,729,776 | **1,173,259** | 1,150,375 | 1,191,074 |
| Inter-Ministry Consolidations | (17,260) | (13,054) | (13,054) | **(11,654)** | (10,554) | (10,554) |
| Consolidated Total | 1,342,499 | 1,925,412 | 1,716,722 | **1,161,605** | 1,139,821 | 1,180,520 |
| Net Operating Result | (520,584) | (996,430) | (855,194) | **(295,039)** | (257,749) | (255,427) |
| CAPITAL INVESTMENT | | | | | | |
| Ministry Support Services | 1,381 | 2,017 | 2,054 | **755** | 1,575 | 1,573 |
| Agriculture Environment and Water | 682 | 686 | 745 | **820** | 200 | 200 |
| Food Safety and Animal Health | 526 | 385 | 385 | **488** | 380 | 380 |
| Industry Development | 3,287 | 1,611 | 1,515 | **6,495** | 1,166 | 1,166 |
| Forests | 21,730 | 16,967 | 16,967 | **11,433** | 11,643 | 11,193 |
| Lending | 1,217 | 2,345 | 2,345 | **2,277** | 2,205 | 2,206 |
| Insurance | 3,708 | 3,841 | 3,841 | **3,730** | 3,613 | 3,614 |
| Agriculture Income Support | 951 | 1,864 | 1,864 | **1,809** | 1,752 | 1,753 |
| Livestock and Meat Strategy | 75 | - | - | **-** | - | - |
| Total | 33,557 | 29,716 | 29,716 | **27,807** | 22,534 | 22,085 |